



House of Representatives

General Assembly

File No. 171

January Session, 2015

Substitute House Bill No. 6767

House of Representatives, March 23, 2015

The Committee on Higher Education and Employment Advancement reported through REP. WILLIS, R. of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE APPROVAL AND AUTHORIZATION OF PRIVATE OCCUPATIONAL SCHOOLS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10a-22b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2015*):

3 (a) No person, board, association, partnership, corporation, limited
4 liability company or other entity shall offer instruction in any form or
5 manner in any trade or in any industrial, commercial, service,
6 professional or other occupation unless such person, board,
7 association, partnership, corporation, limited liability company or
8 other entity first receives from the executive director a certificate
9 authorizing the occupational instruction to be offered.

10 (b) Except for initial authorizations, the executive director shall
11 accept institutional accreditation by an accrediting agency recognized
12 by the United States Department of Education, in satisfaction of the

13 requirements of this section and section 10a-22d, as amended by this
14 act, including the evaluation and attendance requirement, unless the
15 executive director finds reasonable cause not to rely upon such
16 accreditation.

17 (c) Each person, board, association, partnership, corporation, limited
18 liability company or other entity which seeks to offer occupational
19 instruction shall submit to the executive director, or the executive
20 director's designee, in such manner as the executive director, or the
21 executive director's designee, prescribes, an application for a certificate
22 of authorization which includes, but need not be limited to, (1) the
23 proposed name of the school; (2) ownership and organization of the
24 school including the names and addresses of all principals, officers,
25 members and directors; (3) names and addresses of all stockholders of
26 the school, except for applicants which are listed on a national
27 securities exchange; (4) addresses of any building or premises on
28 which the school will be located; (5) description of the occupational
29 instruction to be offered; (6) the proposed student enrollment
30 agreement, which includes for each program of occupational
31 instruction offered a description, in plain language, of any
32 requirements for employment in such occupation or barriers to such
33 employment pursuant to state law or regulations; (7) the proposed
34 school catalog, which includes for each program of occupational
35 instruction offered a description of any requirements for employment
36 in such occupation or barriers to such employment pursuant to state
37 law or regulations; (8) financial statements detailing the financial
38 condition of the school pursuant to subsection (d) of this section and
39 subsection (g) of section 10a-22d prepared by management and
40 reviewed or audited by an independent licensed certified public
41 accountant or independent licensed public accountant; and (9) an
42 agent for service of process. Each application for initial authorization
43 shall be accompanied by a nonrefundable application fee made
44 payable to the private occupational school student protection account
45 in the amount of two thousand dollars for the private occupational
46 school and two hundred dollars for each branch of a private
47 occupational school in this state.

48 (d) Each person, board, association, partnership, corporation,
49 limited liability company or other entity seeking to offer occupational
50 instruction shall have a net worth consisting of sufficient liquid assets
51 or produce other evidence of fiscal soundness to demonstrate the
52 ability of the proposed private occupational school to operate, achieve
53 all of its objectives and meet all of its obligations, including those
54 concerning staff, [and] students and rent or mortgage payments,
55 during the period of time for which the authorization is sought.

56 (e) Upon receipt of a complete application pursuant to subsection (c)
57 of this section, the executive director shall cause to be conducted an
58 evaluation of the applicant school. Not later than sixty days (1) after
59 receipt of a complete application for initial authorization, or (2) prior to
60 expiration of the authorization of a private occupational school
61 applying to renew its certificate of authorization pursuant to section
62 10a-22d, as amended by this act, the executive director or a designee of
63 the executive director shall appoint an evaluation team pursuant to
64 subsection (f) of this section. Thereafter, the executive director shall
65 [advise] notify the applicant of authorization or nonauthorization not
66 later than one hundred twenty days following the completed
67 appointment of [an] such evaluation team. [pursuant to subsection (e)
68 of this section.] The executive director may consult with the Labor
69 Department and may request the advice of any other state agency
70 which may be of assistance in making a determination. In the event of
71 nonauthorization, [by] the executive director [, he] shall set forth the
72 reasons therefor in writing and the applicant school may request in
73 writing a hearing before the executive director. Such hearing shall be
74 held in accordance with the provisions of chapter 54.

75 (f) For purposes of an evaluation of an applicant school, the
76 executive director, or the executive director's designee, shall appoint
77 an evaluation team which shall include (1) at least two members
78 representing the Office of Higher Education, and (2) at least one
79 member for each of the areas of occupational instruction for which
80 authorization is sought who shall be experienced in such occupation.
81 The applicant school shall have the right to challenge any proposed

82 member of the evaluation team for good cause shown. A written
83 challenge shall be filed with the executive director within ten business
84 days following the appointment of such evaluation team. In the event
85 of a challenge, a decision shall be made thereon by the executive
86 director within ten business days from the date such challenge is filed,
87 and if the challenge is upheld the executive director shall appoint a
88 replacement. Employees of the state or any political subdivision of the
89 state may be members of evaluation teams. The executive director, or
90 the executive director's designee, shall not appoint any person to an
91 evaluation team unless the executive director, or such designee, has
92 received from such person a statement that the person has no interest
93 which is in conflict with the proper discharge of the duties of
94 evaluation team members as described in this section. The statement
95 shall be on a form prescribed by the executive director and shall be
96 signed under penalty of false statement. [Members of the evaluation
97 team shall serve without compensation.] Except for any member of the
98 evaluation team who is a state employee, members may be
99 compensated for their service at the discretion of the executive director
100 and shall be reimbursed for actual expenses, which expenses shall be
101 charged to and paid by the applicant school.

102 (g) The evaluation team appointed pursuant to subsection (f) of this
103 section shall: (1) Conduct an on-site inspection; (2) submit a written
104 report outlining any evidence of noncompliance; (3) give the school
105 [sixty] thirty days from the date of the report to provide evidence of
106 compliance; and (4) submit to the executive director a written report
107 recommending authorization or nonauthorization not later than one
108 hundred twenty days after the on-site inspection. The evaluation team
109 shall determine whether (A) the quality and content of each course or
110 program of instruction, including, but not limited to, residential, on-
111 line, home study and correspondence, training or study shall
112 reasonably and adequately achieve the stated objective for which such
113 course or program is offered; (B) the school has adequate space,
114 equipment, instructional materials and personnel for the instruction
115 offered; (C) the qualifications of directors, administrators, supervisors
116 and instructors shall reasonably and adequately assure that students

117 receive education consistent with the stated objectives for which a
118 course or program is offered; (D) students and other interested persons
119 shall be provided with a catalog or similar publication describing the
120 courses and programs offered, course and program objectives, length
121 of courses and programs, schedule of tuition, fees and all other charges
122 and expenses necessary for completion of the course or program, and
123 termination, withdrawal and refund policies; (E) upon satisfactory
124 completion of the course or program, each student shall be provided
125 appropriate educational credentials by the school; (F) adequate records
126 shall be maintained by the school to show attendance and grades, or
127 other indicators of student progress, and standards shall be enforced
128 relating to attendance and student performance; (G) the applicant
129 school shall be financially sound and capable of fulfilling its
130 commitments to students; (H) any student housing owned, leased,
131 rented or otherwise maintained by the applicant school shall be safe
132 and adequate; and (I) the school and any branch of the school in this
133 state has a director located at the school or branch who is responsible
134 for daily oversight of the school's or branch's operations. The
135 evaluation team may also indicate in its report such recommendations
136 as may improve the operation of the applicant school.

137 (h) Any hospital offering instruction in any form or manner in any
138 trade, industrial, commercial, service, professional or other occupation
139 for any remuneration, consideration, reward or promise, except to
140 hospital employees, members of the medical staff and training for
141 contracted workers, shall obtain a certificate of authorization from the
142 executive director for the occupational instruction offered. Each
143 hospital-based occupational school submitting an application for initial
144 authorization shall pay an application fee of two hundred dollars
145 made payable to the private occupational school student protection
146 account. The executive director shall develop a process for prioritizing
147 the authorization of hospital-based occupational schools based on size
148 and scope of occupational instruction offered. Such schools shall be in
149 compliance with this section when required pursuant to the executive
150 director's process, or by 2012, whichever is earlier.

151 (i) Any program, school or other entity offering instruction in any
152 form or manner in barbering or hairdressing for any remuneration,
153 consideration, reward or promise shall obtain a certificate of
154 authorization from the executive director of the Office of Higher
155 Education for the occupational instruction offered. Each program,
156 school or entity approved on or before July 1, 2013, by the Connecticut
157 Examining Board for Barbers, Hairdressers and Cosmeticians pursuant
158 to chapter 368 or 387 that submits an application for initial
159 authorization shall pay an application fee of five hundred dollars
160 made payable to the private occupational school student protection
161 account. The executive director of the Office of Higher Education shall
162 develop a process for prioritizing the authorization of such barber and
163 hairdressing programs, schools and entities. Such programs, schools
164 and entities shall be in compliance with this section on or before July 1,
165 2015, or when required pursuant to the executive director's process,
166 whichever is earlier. No person, board, association, partnership
167 corporation, limited liability company or other entity shall establish a
168 new program, school or other entity that offers instruction in any form
169 or manner in barbering or hairdressing on or after July 1, 2013, unless
170 such person, board, association, partnership, corporation, limited
171 liability company or other entity first receives from the executive
172 director of the Office of Higher Education a certificate authorizing the
173 barbering or hairdressing occupational instruction to be offered in
174 accordance with the provisions of this section.

175 Sec. 2. Subsection (c) of section 10a-22d of the general statutes is
176 repealed and the following is substituted in lieu thereof (*Effective July*
177 *1, 2015*):

178 (c) Renewal of the certificate of authorization shall be granted only
179 upon (1) payment of a nonrefundable renewal fee to the Office of
180 Higher Education in the amount of two hundred dollars for the private
181 occupational school and two hundred dollars for each branch of a
182 private occupational school, (2) submission of any reports or audits, as
183 prescribed by the executive director or the executive director's
184 designee, concerning the fiscal condition of the private occupational

185 school or its continuing eligibility to participate in federal student
186 financial aid programs, (3) the filing with the executive director of a
187 complete application for a renewed certificate of authorization not less
188 than one hundred twenty days prior to the termination date of the
189 most recent certificate of authorization, and (4) a determination that
190 the private occupational school meets all the conditions of its recent
191 authorization, including, at the discretion of the executive director,
192 evidence that such school is current on its rent or mortgage
193 obligations, and the filing of documentation with the executive
194 director that the private occupational school has a passing financial
195 ratio score as required by 34 CFR 668, as amended from time to time.

196 Sec. 3. Subsection (a) of section 10a-22g of the general statutes is
197 repealed and the following is substituted in lieu thereof (*Effective July*
198 *1, 2015*):

199 (a) A private occupational school which is authorized by the
200 executive director pursuant to sections 10a-22a to 10a-22o, inclusive,
201 and sections 10a-22u to 10a-22w, inclusive, may request authorization
202 to establish and operate additional classroom sites or branch schools
203 for the purpose of offering the occupational instruction authorized by
204 the executive director, provided the additional classroom site or
205 branch school complies with the provisions of subsection (b) of this
206 section. Such school shall make such request for authorization to
207 operate an additional classroom site or branch school, in the manner
208 and on such forms as prescribed by the executive director, at least
209 [thirty] sixty days prior to the proposed establishment of such
210 additional classroom site or branch school.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2015</i>	10a-22b
Sec. 2	<i>July 1, 2015</i>	10a-22d(c)
Sec. 3	<i>July 1, 2015</i>	10a-22g(a)

Statement of Legislative Commissioners:

In Section 1(e), "pursuant to section 10a-22d, as amended by this act" was added for clarity.

HED *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 16 \$	FY 17 \$
Higher Ed., Off.	Private Occupational School Student Protection Acc - Cost	850	850

Municipal Impact: None

Explanation

The bill allows the Office of Higher Education (OHE) to compensate individuals who serve on its occupational school evaluation teams at the executive director's discretion. Current law prohibits team members from receiving compensation for their services.

In FY 14 there were 17 evaluators. It is anticipated that each evaluator would be paid \$50, resulting in a cost to the Private Occupational School Student Protection Account (POSA) of approximately \$850 per year. The balance of the POSA account is approximately \$5.7 million.

The bill also requires private occupational schools to meet additional application and evaluation requirements, which are not anticipated to result in a fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the per diem rate and the number of evaluators.

OLR Bill Analysis**sHB 6767*****AN ACT CONCERNING THE APPROVAL AND AUTHORIZATION OF PRIVATE OCCUPATIONAL SCHOOLS.*****SUMMARY:**

This bill requires any entity that wishes to offer instruction through a private occupational school or establish new school branches to meet additional application and evaluation requirements. These new requirements affect the entity's initial application for authorization, subsequent authorization renewals, and evaluation process, which the state's Office for Higher Education (OHE) oversees. By law, entities that may offer occupational instruction include a person, board, association, partnership, corporation, limited liability company, or other entity.

Additionally, the bill allows OHE to compensate individuals who serve on its occupational school evaluation teams at the executive director's discretion. Current law prohibits team members from receiving compensation for their services (see BACKGROUND).

The bill also makes several technical and conforming changes.

EFFECTIVE DATE: July 1, 2015

INITIAL AUTHORIZATION AND RENEWAL

Under the bill, any entity seeking initial authorization from OHE to offer occupational instruction must produce evidence of fiscal soundness specifically relating to its ability to meet rent or mortgage payment obligations. By law, evidence of fiscal soundness relating to staff and student obligations is already required to ensure the proposed school's ability to operate and achieve all of its objectives.

The bill also requires the entity to provide evidence that it is current

on its rent and mortgage obligations in order for OHE to renew its certificate of authorization to operate.

NEW BRANCH ESTABLISHMENT

Under current law, a private occupational school authorized by OHE to operate must request authorization to open additional school branches or sites at least 30 days before establishing the new location. The bill increases the required request notice period to 60 days prior to establishment.

EVALUATION PROCESS

The law requires the OHE executive director to evaluate any private occupational school that applies for initial or renewal authorization to operate. The bill establishes a timeframe by which the executive director must appoint a team to evaluate a school: either (1) within 60 days of receiving its complete initial application for authorization or (2) 60 days before the expiration date of the school's current authorization certificate. By law, the executive director must notify an applicant about whether it has been authorized to operate within 120 days of the evaluation team's appointment.

The bill also reduces the amount of time a school has to demonstrate compliance with an evaluation team report for an initial or renewal authorization. By law, an evaluation team must submit a written report outlining evidence of the school's noncompliance, and the school has 60 days to respond with evidence of compliance. The bill reduces the school response deadline to 30 days from the report date.

BACKGROUND

Evaluation Team Members

By law, the OHE executive director must appoint an evaluation team that consists of at least (1) two members representing OHE and (2) one member who is an expert for each occupational instruction area for which the school seeks authorization (CGS § 10a-22b(f)).

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/05/2015)